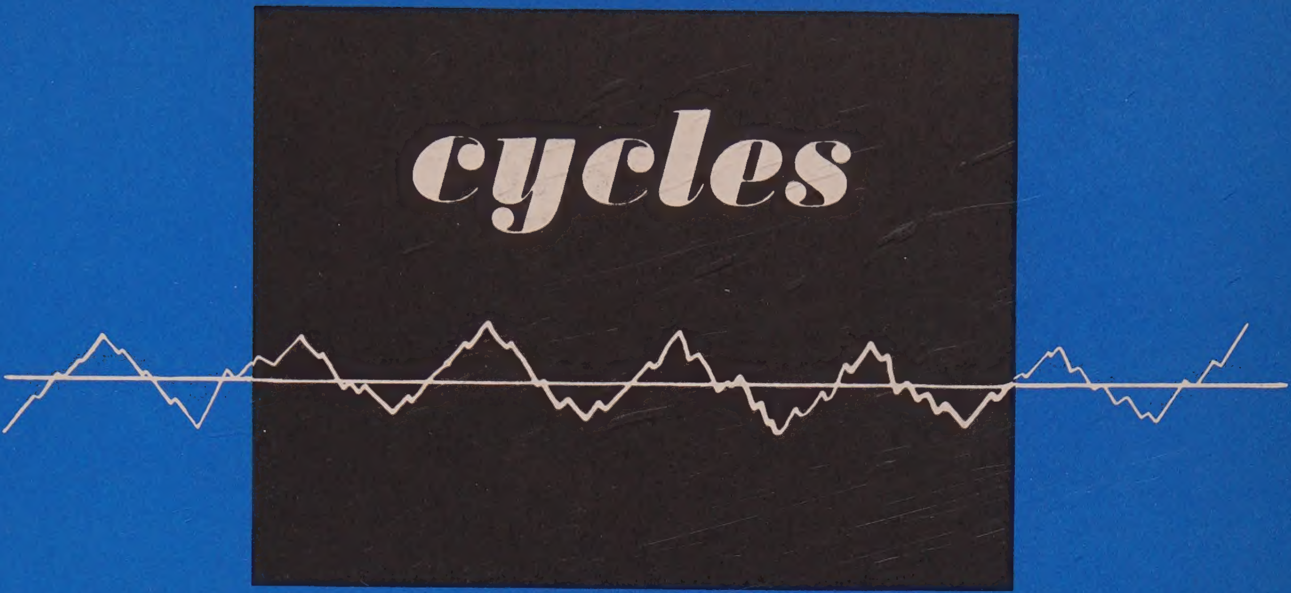
cycles



August 1960

FOUNDATION FOR THE STUDY OF CYCLES
New York, New York

cycles

AUGUST 1960

VOLUME XI, NUMBER 8

Executive Director: Edward R. Dewey
Editor, Cycles: Gertrude F. Shirk
Manager, Production: M. A. Copeman
Editorial Advisors: Gustav Gumpert
C. James MacLemore
Manager, Membership: Gertrude E. Roessle

Table of Contents

THE DIRECTOR'S LETTER 171
A discussion about scientists and cranks, and what makes the difference between the two

Why Does It Rain on January 23? 173

RESEARCH BY STAFF:

The 17-Week Cycle in Stocks: How Good Is It?
by Gertrude Shirk 174

The Question of Irregular Cycles
by E. R. Dewey. 177

Note—A Seasonal Cycle in New Incorporations 178

TIME AND TIME AGAIN
by Gustav Gumpert 179
Cycle notes and news on the effect of the moon, the greatest cycle of them all, presidential fatalities, storms on Jupiter, and mental telepathy

RESEARCH BY OTHERS:

Why Does It Rain on January 23? . . .173

RESEARCH BY OTHERS:

80-Year Sunspot Cycle 180
A summary of a report to the British Astronomical *Journal* by W. Gleissberg

LETTERS. 182
Wm. Robert Geisinger writes that the Geisinger Indicator can be used to forecast inventory changes

THE CYCLE ROUND-UP

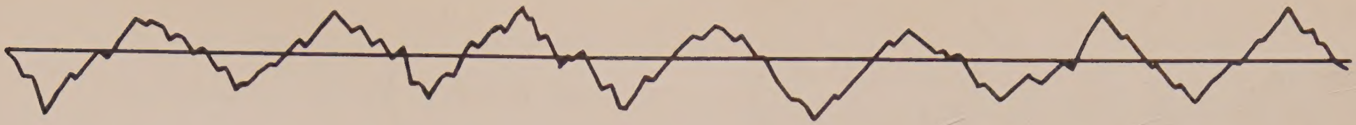
Oats Prices 183
A review of the current status of the two cycles previously isolated in these figures

Sunspot Numbers 184

Cocoa Prices. 185
The dominant cycle in cocoa prices apparently works again

THE GEISINGER INDICATOR 186
Last month's warning signal still stands

Cycles is published by the Foundation for the Study of Cycles at the Foundation's office at East Brady, Pennsylvania. Subscription rate $12.50 a year. Entered as second class matter at the post office at East Brady, Pennsylvania, with additional entry at Dexter, Michigan. Publication office, 680 West End Avenue, New York 25, New York



DIRECTOR'S LETTER. . . .

Dear Member:

"Are cycle students cranks or scientists?"

A good many people think they are cranks.

Back in the days when I was trying to sell a knowledge of cycles to industry I had dozens of executives say to me, "I think you have something here that would be of value to us, but you can't expect me to put anything as crazy as that up to my people, can you?"

Once, a vice president of a $500,000,000 company almost threw me out of his office when I tried to tell him about cycles.

I said, "Your sales figures have ups and downs that come at quite regular time intervals. More knowledge of these patterns will help you to do a better job of forecasting."

He rose from his chair and said coldly, "I am not interested." He bowed. I bowed. I left. I've been rebuffed often enough, but this was the only time I was ever offered indignity.

A talk with the executive vice president of one of the ten largest concerns in the country was more pleasant—and more revealing. Let's call him Charlie. Charlie said, "I think you really have something, but I don't want to get in bad around here."

Then he called the Comptroller of the company and said, "Bill, how much can I spend for a crazy idea and be able to laugh it off if anything ever comes up about it?"

Bill answered, "$500."

Charlie said, "That's about what I thought, too." Then Charlie said to me, "All right. Make a study for us of the cycles in the X industry. Hold the cost to $500. Send the study and the bill to me." I did. The bill was paid. Finis.

Another experience comes to mind. It's a bit off the subject, but maybe not too badly off. It concerns the executive vice president of one of New York's large banks. I once told him about cycles. He seemed interested. But then he said. "I believe in astrology. I never take any action without consulting my astrologer. When were you born?" I told him.

"I'll send this date on to my astrologer," he said, "and if he approves, I'll contact you further."

I never heard from him. I suppose I was born on the wrong day!

But enough of chitchat. The question, "are cycle students scientists or cranks?" is a valid one. It deserves a serious answer.

What Is a Scientist?

A *scientist* according to Webster, is "One learned in science, especially natural science; a scientific investigator."

The word *science* has several shades of meaning. It is any "branch or department of systematized knowledge considered as a distinct field of investigation or object of study."

Science is also "a branch of study which is concerned with observation and classification of facts, especially with the establishment (and, strictly, the quantitative formulation) of verifiable general laws. . ."

Webster continues, "Specifically, science is accumulated and accepted knowledge which has been systematized and formulated with reference to the discovery of general truths or the operation of general laws."

What Is a Crank?

Webster does not go into much detail about cranks. But it does tell us that the word is of Anglo-Saxon origin and that the basic idea is to turn or twist.

The ninth meaning of *crank* is "A person with a. . .mental twist; one given to fantastic or impractical projects or a hobby; one over-enthusiastic or of perverted judgment in respect to a particular matter; a monomaniac."

We can get more light on cranks from an article called "Cranks and Scientists" by L. J. Lafleur in *The Scientific Monthly* for November, 1951.

According to Dr. Lafleur, cranks, "propose, and dogmatically affirm to be true, propositions which the scientist recognizes as preposterous, and contrary to all the recognized truths of his science."

This comes rather close to the place where the cycle student lives, especially when he ventures to study rhythmic cycles in economic phenomena. One economist once told me, "If the things you say are true, all I have ever learned is wrong." Workers in certain other fields doubtless feel the same way.

Where Do We Fit?

Now let us see what it is that the cycle student says.

He says that *some* of the rhythmic ups and downs visible in *some* of the series of figures representing natural and social phenomena cannot reasonably be random, and that rhythmic phenomena are therefore worthy of further study.

He is not dogmatic. He does not say that they *cannot* be random; he just says that the smart thing to do is to find out.

He does not contend that *all* the regularities *are* significant. He just says that *some* of them *may* be. He says that it would be hard for *all* of them to come about through the operation of the laws of chance.

Moreover—canny fellow that he is—he does not assert that any particular rhythm is significant. He merely says that out of all the observed rhythms, some of them, reasonably, are significant. To prove against him that any one rhythm is the result of chance is like shooting out one leg from underneath a centipede; he still has 99 left to stand on!

Dr. Lafleur goes on to say, "It is typical of the crank theories that they contradict many established laws rather than one. . .Not once in a generation is there an innovation so important that it changes many laws, and can truly be called revolutionary for some branch of science. Cranks propose such innovations every day, and happily assume that they are not merely scientists, but members of that highly restricted group fortunate enough to discover revolutionary new laws. . .the odds favor the assumption that anyone proposing a revolutionary doctrine is a crank, rather than a scientist, but this does not settle the issue for any individual case."

These comments hit even closer home, for the cycle student and his ideas do cut across many branches of science. However, cycle concepts do not *contradict* established laws. The cycle students attempt to introduce law into areas where, hitherto, law has been unrecognized and unsuspected.

Dr. Lafleur continues, "There is another characteristic of a revolutionary scientific principle in which it differs from the typical crank theory; no matter how widespread its implications, no matter how many previously accepted laws must be modified, all the changes fit into one thoroughly integrated pattern. The scientist respects nature and its laws insofar as they are already known to man."

Cycles May Introduce Pattern

Here the cycle student fares better. The ideas proposed do, at least potentially, fit into one pattern. The force, whatever it is, which creates rhythmic fluctuation in one phenomenon may be the cause of similar rhythmic fluctuations in another.

Dr. Lafleur again: "In attempting to defend the divergences from currently accepted views, the crank may be led to excessive reliance upon minority opinions and the authority of individuals. As a corollary to this, he may also attempt to discredit majority opinion, scientific method, or scientists in general."

Here again cycle students are absolved. The cycle student rests upon no authority except the facts themselves. He does not discredit scientists. But he does deplore closed minds.

Let us now go back to our definition: a scientist is one (a) concerned with the observation and classification of facts and

(b) with the establishment of verifiable general laws.

The first part of the definition—observation and classification of fact—fits the cycle student to a T. The second part describes his goal. He hopes to establish "verifiable general laws."

On the other hand, if cycles are more than random or more than a matter of internal dynamics, the cycle student automatically becomes a member "of that highly restricted group fortunate enough to discover revolutionary new laws."

That is why cycle study is so exciting. It holds out hope of throwing light on the ups and downs of business, of prices, of war, of disease, of weather, of earthquakes, of volcanic eruptions, of crops, of sunspots—perhaps even of the structure of the Universe itself.

Cordially yours,

Edward R. Dewey
Director

Why does it rain on January 23? again and again!

Did you know that there is often an extra heavy rain about January 23 in Brisbane, Australia? And also in the British Isles? As long ago as 1953, Dr. E. G. Bowen (Chief of the Radiophysics Division, Commonwealth Scientific and Industrial Research Organization in Australia) was reporting that on the same certain days, such as January 23, there is often an extra amount of rain. This extra heavy rain on January 23 happened often enough that Doctor Bowen thought the recurring pattern could hardly be the result of chance.

After all, it could just as well rain hard on January 17, or January 25, and a chance distribution would put the rains on any day. But there is a downpour more often on the 23rd.

Now the U. S. Weather Bureau corroborates Doctor Bowen's findings. Under the direction of Glenn W. Brier, a recent project found that there is indeed a pattern of recurring high and low amounts of rainfall on the same calendar days.

A member, Mrs. Lois Castle of Pasadena, sent along a clipping summarizing the work done by the Weather Bureau on this project which was undertaken with the cooperation of the National Science Foundation. In three separate series of rainfall records it was found that the days on which rainfall was heavy tended to fall on the same calendar day to the extent that there is less than one chance in 100 that the pattern could be accidental.

Doctor Bowen suggested that the entrance of meteoritic dust into the earth's atmosphere might well be the cause of this pattern, as the coming of certain meteorites recurs at regular dates. *G. S.*

THE 17-WEEK CYCLE IN STOCKS: HOW GOOD IS IT ?

by Gertrude Shirk

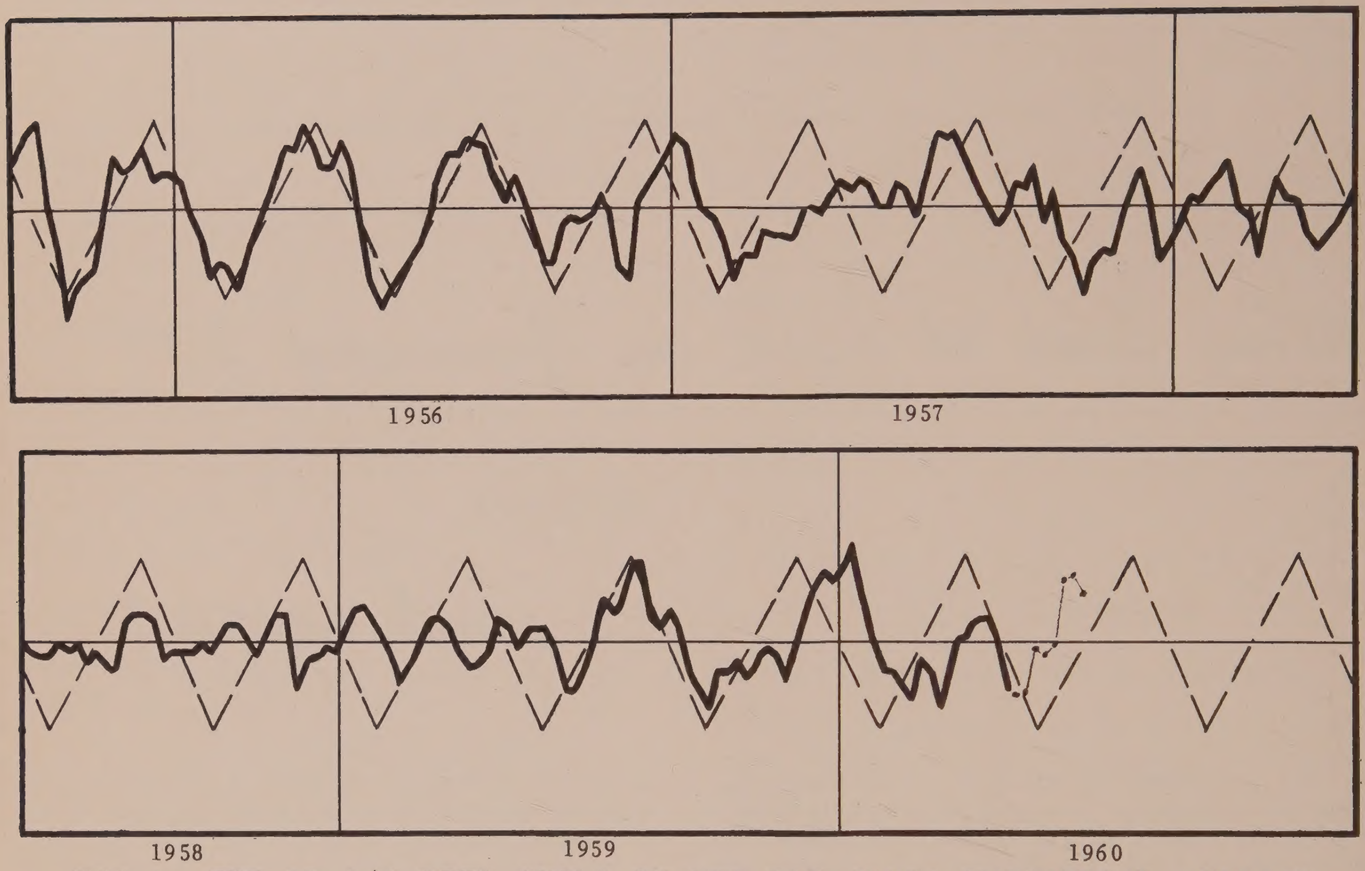


FIG. 1: THE 17 1/6-WEEK CYCLE IN THE DOW-JONES INDUSTRIAL AVERAGE

At the present time the 17 1/6-week cycle in stock prices appears to be working reasonably well.

Figure 1 above shows the cycle. The broken line is a drawing of the typical 17 1/6-week cycle in the weekly average of the daily close of the Dow-Jones Industrial Average. This typical cycle is based on the figures from January 1897 through December 1959.

The solid line on the chart is a drawing of the actual wave as it has developed in the recent figures. It is only a rough picture of the cycle, however, because there are parts of other cycles still present in the figures. In addition, it contains some random moves. The cycle as shown by this particular line has not been smoothed in any way.

You can gauge the performance of the actual wave over the period shown by comparing the solid line with the picture of the typical cycle. The dots at the end of the solid line are not real figures but are guesses about how the line will move over the last eight weeks. They are entered just to bring the line up to date since the method used loses values at the end of the work.

Looking at the two lines, actual and ideal, it appears that the actual wave may be a little early for the second peak in 1960, but the waves are running with more regularity and height at the present time than in early 1959.

Back in 1956, the actual and ideal lines were moving together. Then the actual wave missed the first high in 1957. The two lines did not really get back into step again until the middle of 1959. At the present line the cycle is certainly working better in these figures than it did during 1957 and 1958.

As a practical matter, you must keep in mind that this work is on an average figure which in a sense represents "the market." The wave as it appears in individual issues would be stronger, and perhaps have slightly different timing. But when the wave is working reasonably well in the Dow-Jones Averages it would probably be working very well in those individual issues in which it is present.

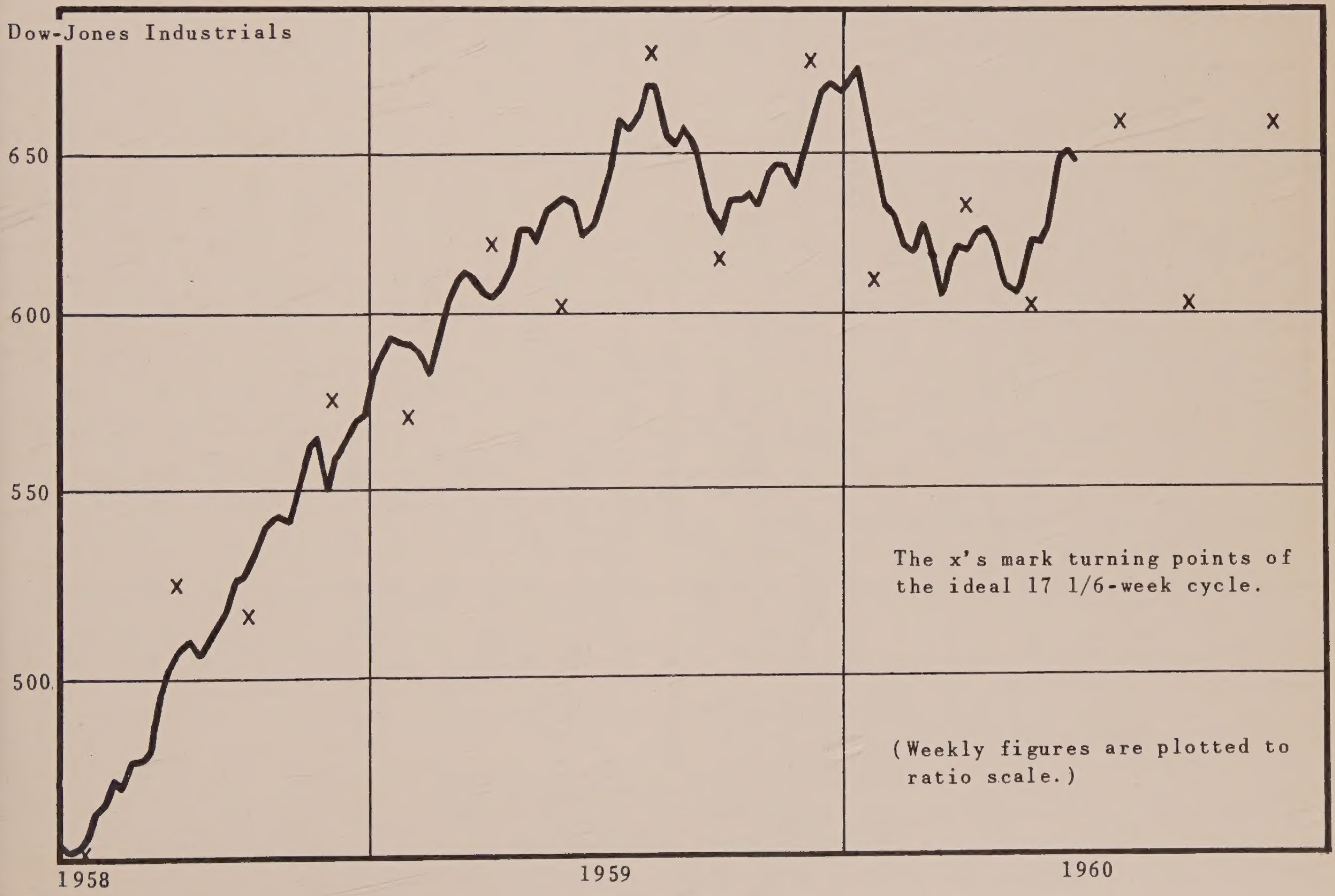
The average timing of the typical wave in the Dow-Jones Industrials for the year 1960 follows:

Low: January 23
High: April 2
Low: May 21
High: July 30
Low: September 18
High: November 27

These dates are for turning points in the typical 17 1/6-week cycle—they are not to be mistaken for turns in the market. The cycle blends in with all the other cycles that are present in the market, and will be completely wiped out on occasion by randoms.

Even though this is not a dominant wave, it can be seen at times in the market figures. At least, it is of interest to compare the typical timing with the market record.

Figure 2 shows the weekly record of the Dow-Jones average from the week ending May 10, 1958 through the week ending July 1, 1960. The turning dates of the ideal 17 1/6-week cycle are shown by the small x's. The highs are put above the line, and the lows are put below to



The x's mark turning points of the ideal 17 1/6-week cycle.

(Weekly figures are plotted to ratio scale.)

FIG.2: THE DOW-JONES INDUSTRIALS WEEKLY AVERAGE

mark off the cycle turn shown in Figure 1.

From a practical point of view Figure 2 is a good chart to watch in order to decide the usefulness of this cycle at any given time. But from the point of view of cycle analysis, it is better to watch Figure 1 because trend has been eliminated from the picture.

In conclusion, at the present time it appears that the cycle is "fair" in the average; it may therefore be "excellent" in some of the stocks in which it is present.

How Good Is It over the Entire 1897-1960 Period?

A consideration of how good the 17 1/6-week cycle is should cover more than just the present period. The validity of the cycle rests in part on how good it is over the entire period for which there are data. We compared the actual and ideal cycle highs for the complete time, 1897 to date. There have been 192 repetitions of the cycle during this period. Figure 3 below shows the length of time by which the actual highs have missed the ideal highs since the beginning of the Dow-Jones figures in January 1897.

An actual high that came before the date for the typical timing would be noted by a dot to the left of the center line on the chart. A high which came later than the time for the typical high would be noted by a dot to the right of the center line.

There were, over the 192 repetitions of the typical cycle, eight highs which did not develop at all. Thus there are only 184 dots.

Of all the actual highs noted, 138 came

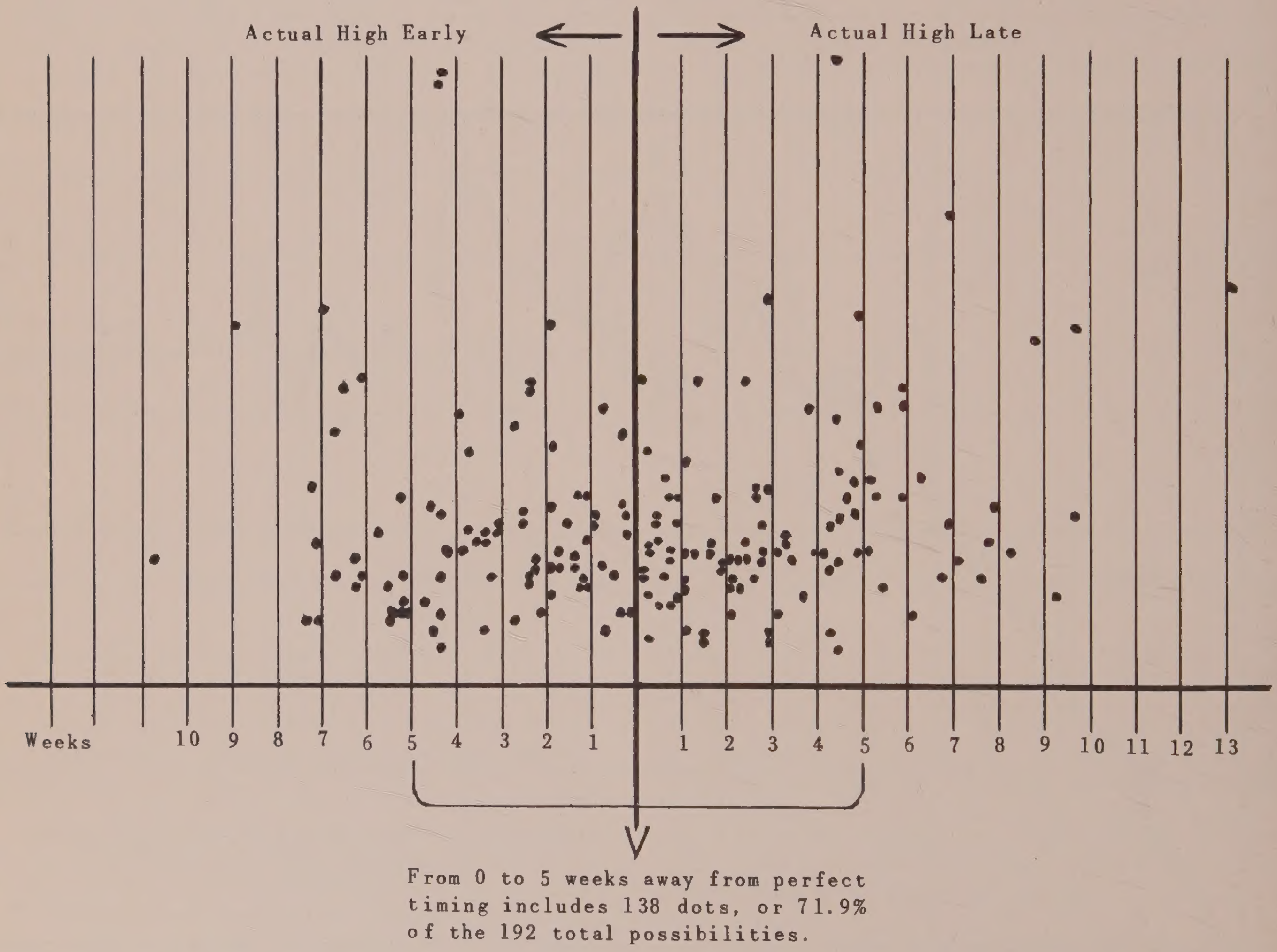


FIG. 3: ACTUAL VS TYPICAL HIGHS IN THE 17 1/6-WEEK CYCLE IN STOCKS

within five weeks of typical timing. That is, 72% of the total possible 192 highs were within about a quarter of a cycle away from perfect timing. Of course, the other 28% were way out of line. And, in fact, as said above, eight highs (4%) did not occur at all.

Nevertheless, the greater part of the cycle highs as they actually developed were reasonably close to the ideal cycle pattern.

Figure 4 shows the result of adding the dots in the columns in Figure 3. Before and after instances are combined according to how far they are from perfect timing. Thus, 33 cases are noted within one week (before or after) the center line on Figure 3.

Both Figures 3 and 4 are based on a rigid, unvarying 17 1/6-week cycle. You will recall that last month we discussed the rhythmic variation in this cycle. At the present time we are working on the problem of the *exact* variation that is present in the cycle. When we have a satisfactory answer so that the ideal 17 1/6 cycle can be timed early and late in a rhythmic pattern, then the comparisons shown in Figures 3 and 4 will be even better.

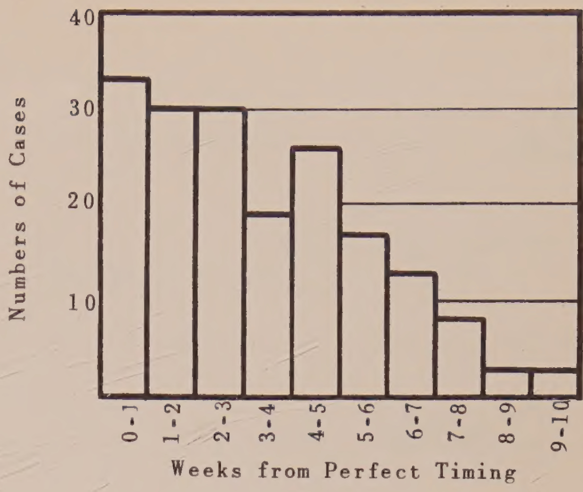


FIG. 4: SUMMARY OF FIG. 3

◆ ◆ ◆

The Question of Irregular Cycles

by E. R. Dewey

In the old days people thought the heavenly bodies moved in circles. Being heavenly were they not perfect? And wasn't the circle the most perfect form of motion? Ergo!

In the old days of cycle study people thought that rhythmic cycles were, *ideally*, perfectly regular. That is, they thought that the irregularities were due to random or other cycles. The "pure" cycle, they thought, was regularity itself.

The model people made for themselves was based on the seasons. We know the coldest day of the year may come anywhere from December to March. We know the year itself, measured from coldest day to coldest day, can be anywhere from 8 to 14 months long. Yet we know that underneath these variations is the regular yearly cycle of 365 1/4 days. People thought that all cycles could be reduced to perfect regularity and randoms in the same way.

There are many reasons why people thought this way: 1) Cycles are generally diagrammed as perfectly regular. 2) Most cycles we know about—the day, the week, the year, the moon, periodic fever, variable stars, etc.,—seem to have a basic regularity. 3) If cycles aren't regular, how can we use them for prediction? And if we can't use them for prediction, what good are they? 4) If cycles are the result of ultra-long energy waves, can't we assume a basic regularity? 5) Etc., etc.

In addition to these false arguments, there is one good reason why the cycle analyst is loth to accept the idea of irregular cycles: If he admits built-in irregularity, how is he going to know if the cycle is meaningful or merely random? Perfect regularity cannot reasonably be chance.

On the other hand, if you accept the idea of built-in irregularity, won't you call almost any fluctuation a rhythmic cycle? Won't you get lost in a forest of false cycles?

But suppose some cycles *are* inherently irregular? Won't you be as badly off trying to force them into a false regularity as the old astronomers were trying to force planetary movements into circles. It's a dilemma!

There may be a way out. If the irregularities come at regular time intervals we may be able to solve our problem—and perhaps get a clue to cause as well.

Note- A Seasonal Cycle in New Incorporations

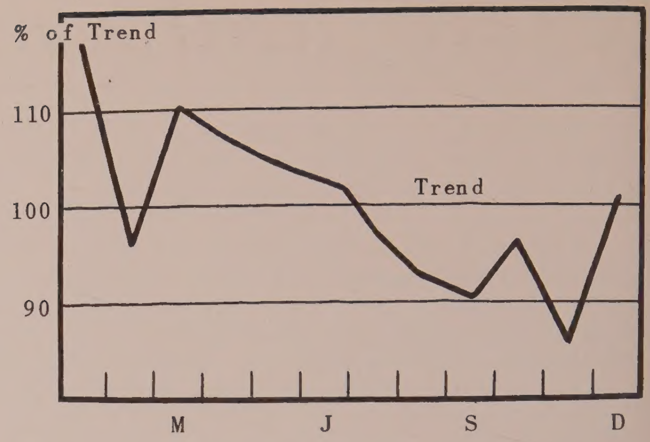


FIG. 1: TYPICAL YEARLY PATTERN OF NEW INCORPORATIONS

A knowledge of this cycle would be of little interest but for one fact. New Incorporations is one of the eight leading indicators discussed in last month's "Director's Letter." Leading Indicators are economic series that usually *turn ahead* of business in general.

If you are trying to outguess future ups and downs in business and follow the leading indicators, a knowledge of the cycles which are present will be doubly helpful.

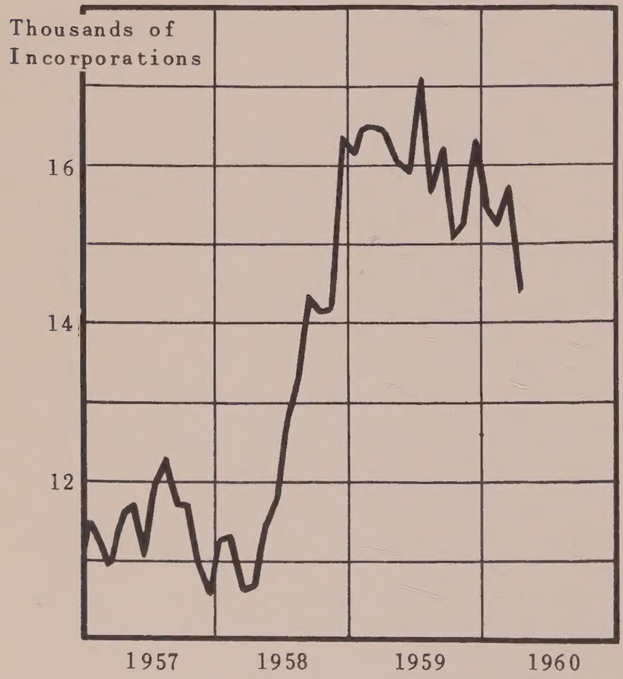


FIG. 2: NEW INCORPORATIONS EXCLUDING THE SEASONAL PATTERN

The figures for the average seasonal cycle which is shown in Figure 1 follow:

January	116.9%
February	96.2
March	110.4
April	107.2
May	104.5
June	102.1
July	97.3
August	92.5
September	90.4
October	96.6
November	85.5
December	100.9

The figures mean that January is usually about 17% above the yearly trend, February is about 4% below the yearly trend, etc.

If you wanted to forecast new incorporations, you could guess the trend, then multiply in the monthly seasonal percentages.

But to get some idea of how the trend underneath the seasonal fluctuation is going, you divide the seasonal out.

Figure 2 shows the monthly figures on new incorporations beginning with January 1957, *excluding the seasonal pattern.*

The chart does not change our conclusion of last month that new incorporations have reached a peak, and turned over. This series, which tends to lead turns in general business, is going down. This fact is made plainer when the seasonal cycle is eliminated. *G. S.*

Time and time again. . .

by Gustav Gumpert

Only a few months after Edward R. Dewey reported correspondences between the moon's cycle and some earthly events, *Time* magazine (June, 1960) burst forth with a confirmation.

Time told how Dr. Edson J. Andrews of Tallahasse found that human blood is influenced by the cycles of the moon. After studying 1,000 tonsillectomy cases, the Florida physician noted that 82 percent of bleeding crises occurred between the moon's first and third quarters.

The late Dr. W. F. Petersen, quoted by Dewey, found a tie-up between phases of the moon and the alkalinity and acidity of the blood. And here is Dr. Andrew's medical conclusion: "Operate on dark nights only, saving the moonlit nights for romance."

Greatest of Them All

Hindu philosophy holds that the universe blows apart and reforms at cyclical intervals. Each new world is divided into four cycles, or *yugas*—known as *Satya, Treta, Dwapara,* and *Kali.* In the first, also known as the Golden Age, there is a great preponderance of virtue among men, but with each succeeding yuga virtue diminishes and vice increases. In the *Kaliyuga* there is a minimum of virtue and a great excess of vice.

Needless to say, the world is now held by the Hindus to be passing through the *Kaliyuga.*

Presidential Fatalities

A thoughtful man recently brought to our attention the surprising fact that there may be a 20-year cycle in presidential fatalities; since 1840, every 20 years a U. S. president dies or is slain in office—1840, 1860, 1880, 1900, 1920, and 1940.

William Henry Harrison, elected in 1840, died of pneumonia shortly after his inauguration. Abraham Lincoln, elected in 1860, died from an assassin's bullet on April 15, 1865. James A. Grafield, elected in 1880, also was assassinated. William McKinley, elected in 1900, died from a bullet would on September 14, 1901. Harding died in office; he was elected in 1920. And Franklin D. Roosevelt, elected to a third term in 1940, died on April 12, 1945, during his fourth term.

Will the man elected in 1960 be an exception?

By Jupiter

The University of Colorado's High Altitude Observatory has found that magnetic storms on the planet Jupiter occur at regular intervals.

What's more, Dr. James Warwick thinks he knows why. He says that charged gas clouds from the sun are concentrated at specific points over Jupiter as a result of the giant planet's magnetic "pull." When these gas clouds bump up against the outer layers of Jupiter's atmosphere, magnetic storms result. The next step, Dr. Warwick says, is to see if the same thing causes magnetic storms in the earth's atmosphere.

Time and Mental Telepathy

The daily press reports a story which, on the surface, seems to back up the assumption of a number of theorists that time is cyclical, and that—if we only knew how—we could go back and relive a past portion of it.

A Dutch mind reader claims to be able to do just that. He gave a recent sample that has Arlington, Virginia, standing on its ear.

Peter Herkos, a telepathist from The Netherlands, visited the spot where the bodies of a feed store clerk, his wife and two small daughters were found in shallow graves near Fredericksburg, Va.

The mentalist said he had succeeded in reconstructing the last mental image the victims had of their killer. He told police to probe their files for a garbage collector. He described the man, his wife, even the brand of cigarettes he smoked.

When police interviewed the suspect, they got evidence that led them to take the man into custody. Herkos explained that everything continues to exist in time; mental telepathy is just a way of perceiving it.

80 YEAR SUNSPOT CYCLE

REPORTED BY W. GLEISSBERG

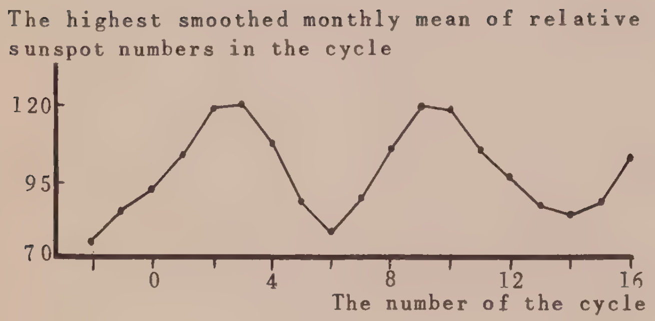


FIG. 1: THE EIGHTY-YEAR CYCLE IN THE HEIGHT OF SUNSPOT MAXIMA FROM 1705 TO 1947

About every 11 years, as you know, there is an outburst of solar activity, an increase in sunspots. These outbursts are measured by numbers, and when the sunspot activity is great, the numbers are large. But some 11-year peaks (called maxima) in sunspot numbers are higher than others. In addition, the time that elapses from peak to peak varies, and does not follow a rigid pattern.

Also, each 11-year cycle will have its own pattern of low to high to low which seems to be unrelated to what went before and what will follow.

Thus, a first glance at a chart of sunspot numbers might lead to the conclusion that each cycle is a separate phenomenon. If they are separate and individual, each cycle would have to be considered a thing unto itself and the whole record would have no significant pattern which would make prediction possible.

That this may not be the case is illustrated by Figure 1 (after Gleissberg) which averages groups of cycles to show an 80-year pattern.

Much of the research we have done at the Foundation on sunspot numbers has been based on the *dating* of highs, or maxima. (See "The 200-Year Variation in the Sunspot Cycle" *Cycles*, June 1960.) Gleissberg goes one step farther and considers, in addition to the timing of the maxima, the actual heights of the maxima.

Gleissberg states that each cycle is characterized within itself by the height of its

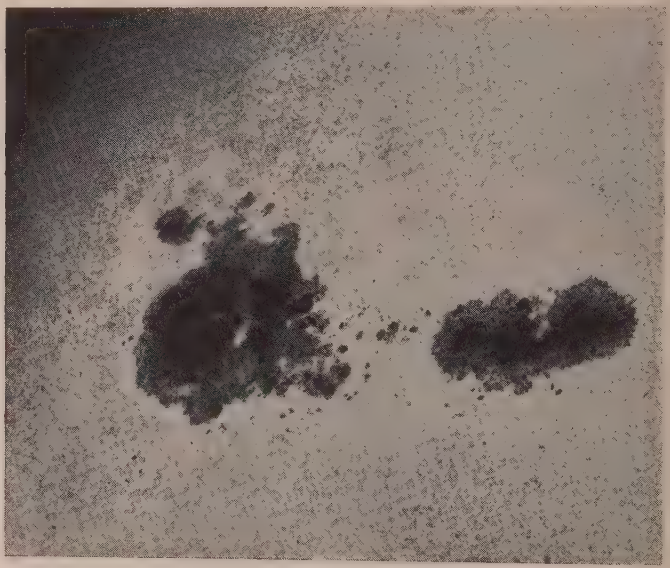


FIG. 2: THE GREAT SPOT GROUP OF FEBRUARY, 1946. PHOTOGRAPHED ON FEBRUARY 2, 1946

Courtesy of Mount Wilson Observatory

maximum. The whole pattern that each 11-year cycle will take is related to the height of its maximum.

In addition, each cycle is in fact (although not at first glance) related to what went before and what will follow.

According to Gleissberg, there is a variation in the height of the maxima, from cycle to cycle, that falls into an 80-year pattern (78.8 years, to be exact). That is, there is a succession of three or four cycles with strong, or high, maxima. Then there is a succession of cycles with weak, or low maxima.

This cycle in the pattern of the characteristics of the maxima, or peaks, of sunspots activity, is reported by W. Gleissberg in a paper communicated to the *Journal* of the British Astronomical Association (Vol. 68, No. 4, pp. 148—152) by D. J. Schove.

The figures used are the monthly average sunspot numbers since 1749, and prior to that the yearly means of relative sunspot numbers. The first maximum used was 1705.5. Cycle 1 on the chart refers to the outburst of 1755 to 1766.

Gleissberg combines the cycles and smooths the figures. His work is summarized by Figure 1. Each dot on Figure 1 refers to the height of a group of maxima. The cycle shown by Figure 1 covers a group of seven or eight 11-year cycles. The heights of the maxima increase, and then recede.

He states, "This eighty-year cycle manifests itself not only in the height of the maxima, but also in other features of the eleven-year outbursts. This is a consequence of the fact that, as mentioned above, each eleven-year outburst of solar activity is characterized by the height of its maximum, so that the whole course of sunspot frequency during the outburst depends on (the height)."

From the analysis shown by Figure 1, Gleissberg concludes: "As the eighty-year cycle establishes a relation between the heights of consecutive maxima it can be used for predicting the behaviour of the next maximum from the past ones. In fact, the extraordinary strength of the 1947 and 1957 maxima had been predicted in this way in 1940 and 1949, respectively. Now, it can easily be judged from the probable continuation of the course of the eighty-year cycle that the next outbursts of solar activity will be weak."

G. S.

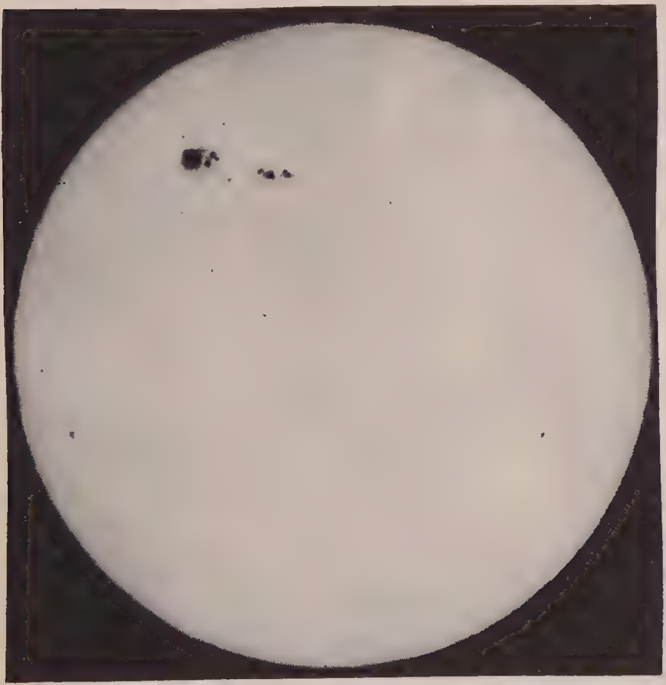


FIG. 3: THE SUN, FEBRUARY 3, 1946 SHOWING LARGE SPOT GROUPS

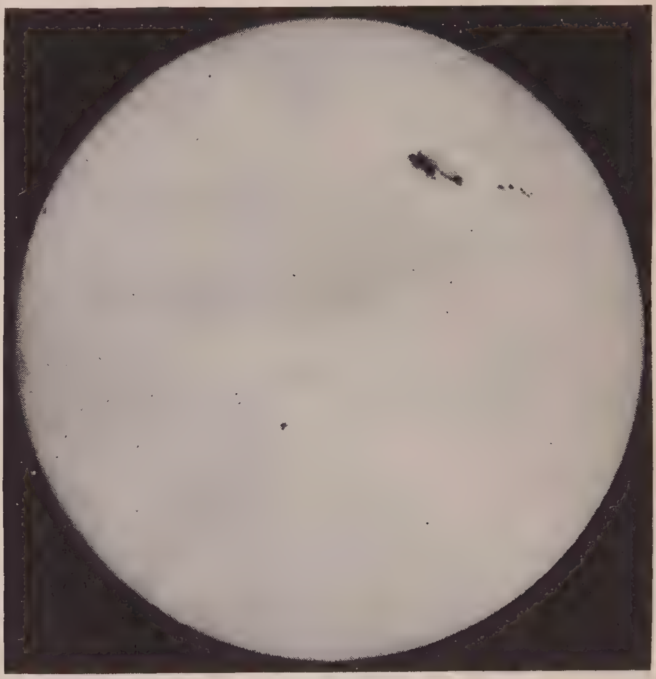


FIG. 4: THE SUN, FEBRUARY 8, 1946 SHOWING HOW THE GROUP CHANGED IN FIVE DAYS

Courtesy of U. S. Naval Observatory, Washington, D. C.

Letters:

The Geisinger Indicator

Dear Mr. Dewey:

Here is a piece of work which shows the high correlation of the Geisinger Indicator and the following or resultant changes in additions or reductions in US National (Total) Inventories. This is significant in that it means that a large part of our depressions are created by over-selling or poor judgements on the part of the manufacturers, or does the weather change the customer? But our economy is certainly attuned to the inventory changes.

This is not an original thought I know. I never believed it to be so closely related, even though I develop inventory systems for companies to follow, so as to align production with orders. We are highly organized to inventory controls!

I thought you would like to know the Geisinger Indicator can forecast something else: inventory changes.

Troy, Ohio — Wm. Robert Geisinger

Dear Mr. Dewey:

We have been much interested in the Geisinger Indicator and we find that your charts on the Modified Indicator work out quite nicely with our own cycles. If you will check back you will note that *when the Modified Indicator hits minus five it seems to mean the end of the downturn has already been reached; that is, the worst is over.*

Cleveland, Ohio — Orrin B. Werntz

Pro and Con

Dear Sirs:

I think your publication came to the wrong person. My experience has been with the study of 2 speed ten cycle, 60 cycle a/c and bicycles. The buy cycle becomes the business cycle, but I believe the Otto cycle is easier to understand—that is, for man.

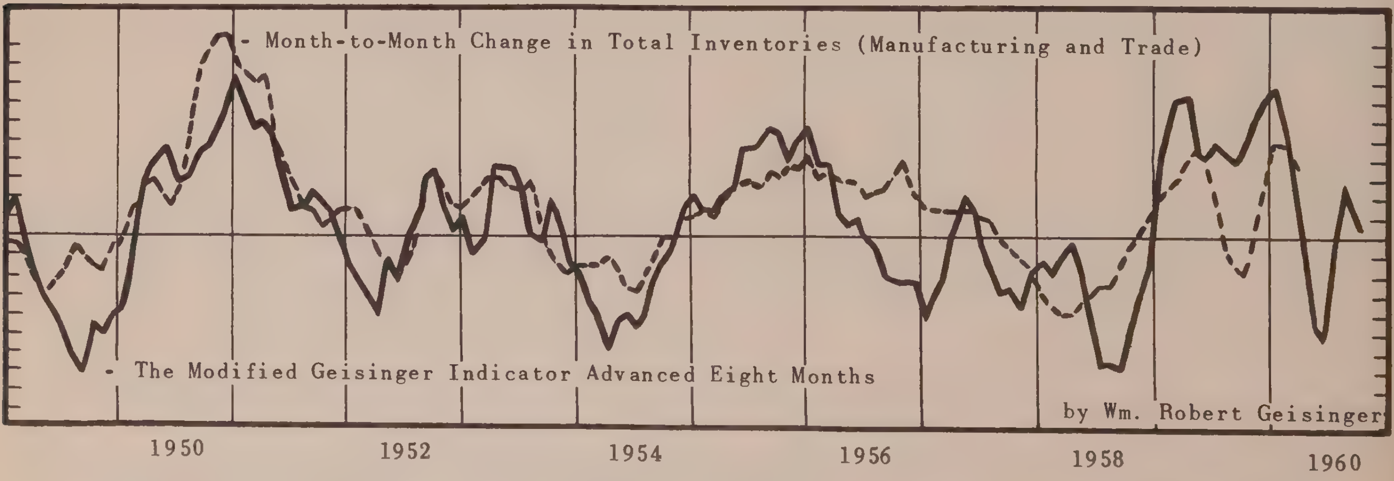
Anyway I listened to an ad about some stuff that cut grease on dishes like lightning—and I had never before that heard of lightning being used for that purpose!

The American people, collectively, have a tick kit—for listing on tick amounts—which is far removed from understanding—or reality. So do other nations—and they exchange on the basis of the on tick amounts.

This situation is statis *ticks*, and the total of all the on tick amounts is poli *ticks*.

It don't mean a thing if you ain't got that $wing.

Peoenix, Arizona — L. W. Clark

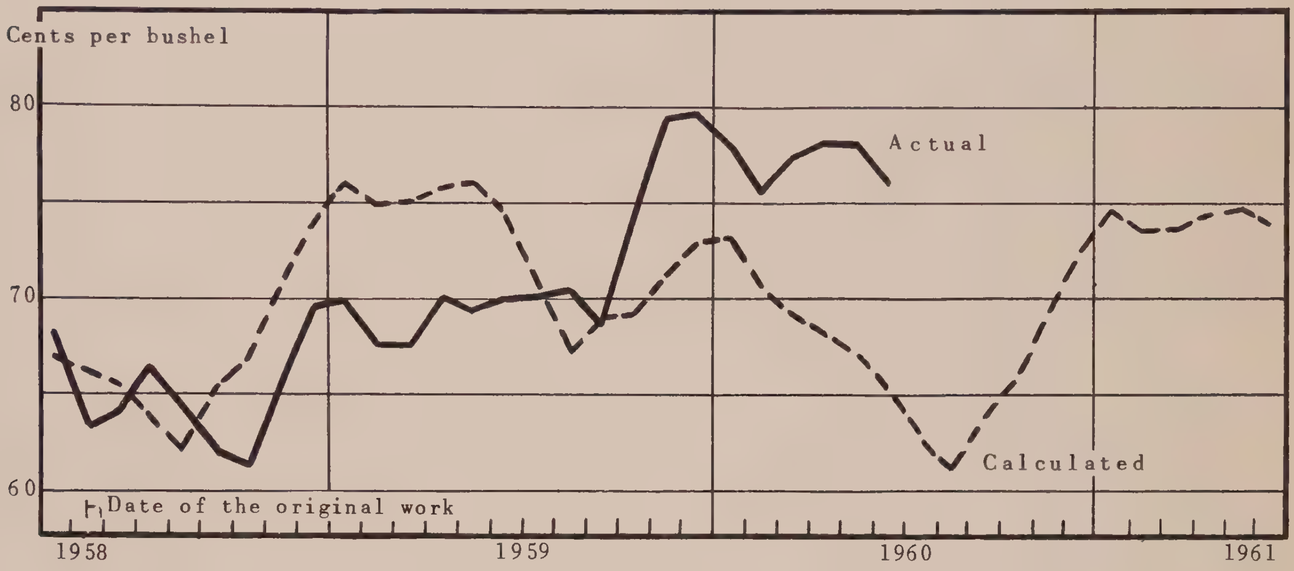


MODIFIED GEISINGER INDICATOR ADVANCED VS CHANGES IN INVENTORIES

The Cycle Round-Up

A report on how well the current figures match the cycles

Oats Prices:



During the first six months of 1960 oats prices moved in a narrow range, and at a high level. The actual price of oats is recorded on the chart above by the solid line.

The series we used in our cycle analysis was *No. 3 white oats* at Chicago. There were no quotations for this series in April and May. In addition, it is too early for the June figure. This is being written July 8, and the Department of Agriculture takes about six weeks after the end of the month to compile the weighted monthly average price. Without making estimates, the last actual figures we would have would be for March. Therefore, the actual plots shown on the chart for April, May, and June are estimates based on the price of *No. 2* oats.

I am going into detail about the figures because we occasionally get complaints that our figures are not up to the minute. Which is true. However, we can hardly report figures before they are compiled. Also, I should think that if the price of oats is an important statistic money-wise, one would get a newspaper with yesterday's price in it.

We do supply you with the cycle information —and in the Round-Up attempt to see how the cycles have been doing since the last time they were reviewed.

The cycle work on oats prices is summarized in the broken line on the chart above. It shows the combination of the seasonal cycle, the 26.64-month cycle, and the underlying trend.

The seasonal cycle is very reliable, and is commented on below. The 26.64-month cycle is the kingpin in the combination, however.

Ideally, the 26.64-month cycle had a low in April of 1958, then a high at May 1959. That high is followed by a low that comes, ideally, at June 1960. Obviously, the June price is not below the May 1959 level, which means that other factors have temporarily overwhelmed the cycle. The actual low to match the ideal low may, of course, come late.

The next high in the cycle is due, ideally, at August 1961.

If we count the current low as not being present, or "bad", there have been four times in the period January 1923 through June 1960, when the cycle has been "bad", out of a total of 16 repetitions.

In other words, the cycle does work 75% of the time and the next wave in the cycle is more likely to occur than not. In fact, over the 16 repetitions of the cycle, no two waves have been "bad" in succession. (Of course, there is a first time for everything.)

In watching for the cycle to get back on the track, it is important to remember that oats prices normally have a seasonal low in September. If a low does develop later in the year, it may be due in part to the 26.64-month cycle. It will also be due partly to the seasonal pattern.

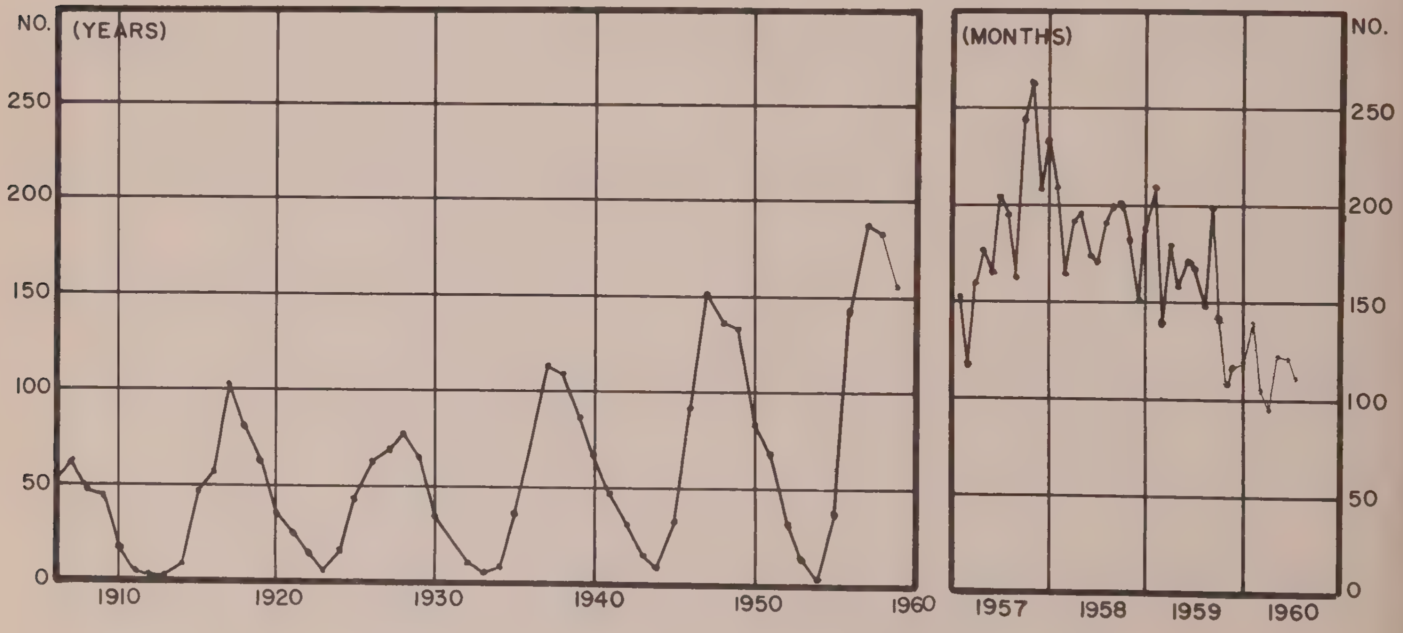
Sunspot Numbers:

The peak in the current sunspot cycle was the year 1957, when the yearly average of monthly sunspot numbers was 189.7.

According to W. Gleissberg, the next peak in the 11-year cycle will probably be lower than the 1957 peak. (See the article on page 180 of this report.) The next peak should occur around 1968, if the appearance of spots follows the 11-year pattern. The actual cycle has varied in length from 7 to 15 years, and therefore the 1968 date is a center spot around which the actual peak will fall.

The monthly sunspot numbers for the year 1960 through June have been:

January	139
February	103
March	93
April	120
May	120
June	109



Zurich Provisional Sunspot Numbers

Cocoa Prices:

The monthly price of cocoa beans (Accra, New York) as reported by the Bureau of Labor Statistics, may have had a low at March. The March price was 27.1 cents a pound. In May the price was up to 28.8 cents a pound.

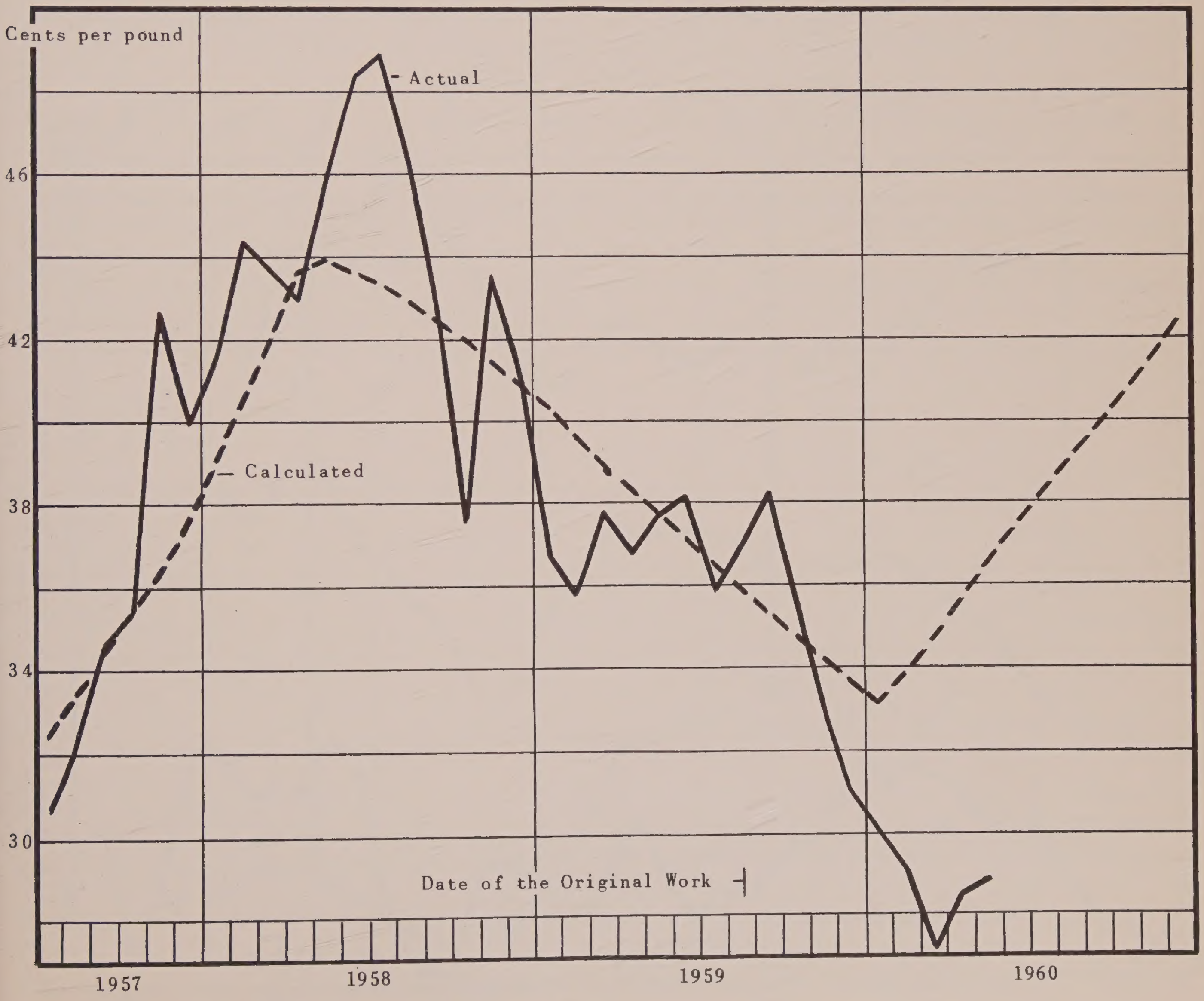
The dominant cycle in these figures is 41.7 months long, and it had an ideal low at January 1960. The average 41.7-month cycle is now on the way up to a high due at October 1961.

If the cycle continues to operate as it has since World War II, we can expect a gradual increase in cocoa prices over the next year.

In the January 1960 article on the 41.7-month cycle we pointed out that of the 16 highs and lows on the typical cycle, the actual price had "matched" the cycle direction 12 times.

These figures can now be changed to 13 out of 17 times the actual price has moved in the same direction as the ideal cycle.

In fact, since World War II, the cycle performance has been about perfect, with all the up and down moves of the typical cycle being matched by the general course of the actual price of cocoa. *G. S.*



The Geisinger Indicator

FORECAST

The figures available today (June 29) from the government enable us to compute the Geisinger Indicator for February last. The value of the Geisinger Indicator computed with today's figures is -1.60. When advanced eight months this figure applies to October.

The figure -1.60 is up from last month's figure of -2.80. Last month's report reminded you that -2.80 is a definite danger signal because every time the Geisinger Indicator has cut -2.00 going down, poor business has followed.

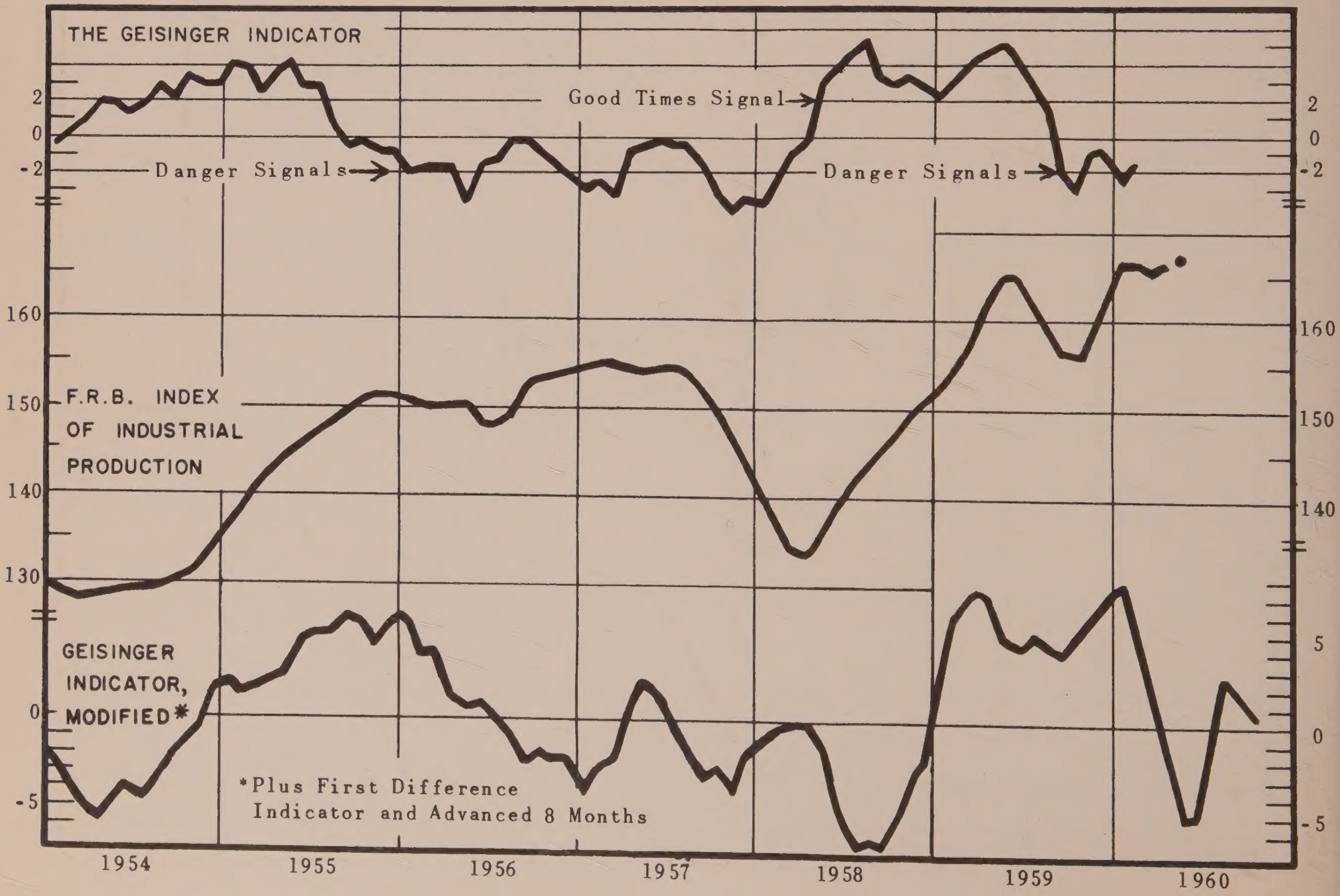
Although the value of the indicator based on today's figures is *up* from last month, I cannot change last month's danger signal yet. In fact, the warning based on last month's Geisinger Indicator of -2.80 will stand until the Indicator cuts +2.00 going up.

Therefore, I am not too optimistic about the immediate future, despite the fact that the Index for Production for May was a record all time high. In May the Federal Reserve Board Index of Production was 167 after adjustment for seasonal variation. This value is up two points from the April figure of 165. However, *the rate of change* in these figures continued to go down. Revisions by the Federal Reserve Board in the Index of Production created some revisions in the figures for the rate of change (the First Difference Indicator), but the downward direction remained unchanged.

The Modified Geisinger Indicator also continued down. The figures for all the Indicators are given on the next page.

Although the May Index of Production was the highest single month on record, our warning note of last month still stands.

June 29, 1960 E. R. Dewey

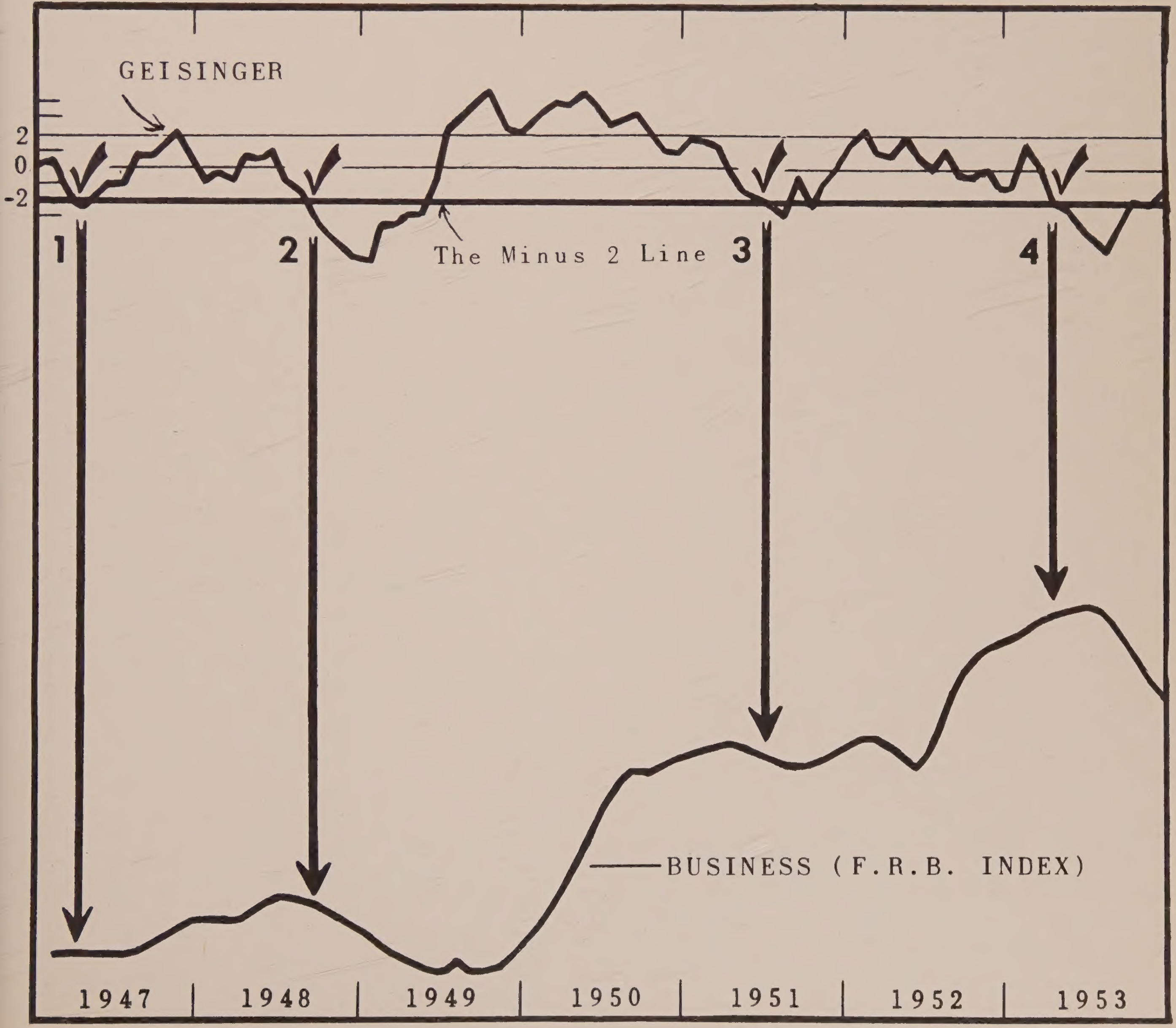


THE MOST RECENT FIGURES:

Month	F.R.B. Index	Geisinger Indicator	First Difference Indicator	Modified Geisinger Indicator	Timing Advanced 8 Months
Oct-1959	154	-3.20	-1.83	-5.03	1960-Jun
Nov	155	-1.00	1.00	0.00	Jul
Dec	165	-0.80	3.67	2.87	Aug
Jan-1960	168	-2.80	4.16	1.36	Sep
Feb	166	-1.60	2.00r	0.40	Oct
Mar	166r	*	-0.33r	*	Nov
Apr	165	*	-0.33p	*	Dec
May	167p	*	*	*	1961-Jan

p - preliminary; r - revised; * - not yet available

A RECORD OF THE COURSE OF BUSINESS AFTER PREVIOUS DANGER SIGNALS:



H A MUSHAM
741 N RUSH ST
CHICAGO, ILL

Please note—
we do have available some previous volumes of

The Journal Of Cycle Research

Volume 6, 1957:

- *Time Chart Measurements of Norwegian Lemming And Rodent Cycles*
- *The 5.92-Year Cycle in Railroad Stock Prices, 1831-1956*
- *The Sampling Theory of Power Spectrum Estimates*
- *Ultra Long Waves and Solar Terrestrial Cycle Relationships*

Volume 7, 1958:

- *Cycles in Financial Data*
- *Evidence for a 400-Year Cycle in Human Ability*
- *The 6.4-Year Cycle in Primary Aluminum Production, U. S. A., 1886-1957*
- *Latitudinal Passage Behavior*
- *The Length of the Sunspot Cycle*
- *Cycles in Canadian Pacific Railway Ton Miles*

Volume 8, 1959:

- *Benner's Prophecies of Future Ups and Downs in Prices*
- *Business Cycle Forecasting*
- *Solar-Terrestrial Relations Indicating Possible Cosmic Waves*
- *Periodicity in the Sequence of Irregular Time Intervals Between Successive Appearances of the Moon in Perigee*
- *Cyclical Variation in Scientific Activity*

Published by the Foundation for the Study of Cycles, Inc.,
680 West End Avenue, New York 25, New York
$3.50 a Volume